

**ASSEMBLY BILL**

**No. 1529**

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**Introduced by Assembly Member Salas**

February 27, 2009

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An act to amend Section 51345 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1529, as introduced, Salas. Home Purchase Assistance Program: limitations.

Existing law establishes the Home Purchase Assistance Program, administered by the California Housing Finance Agency, to assist first-time homebuyers to utilize existing mortgage financing available pursuant to existing law. Existing law limits the term of the home purchase assistance to the term of the primary loan.

This bill would make a nonsubstantive change to this provision of law.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 51345 of the Health and Safety Code is
- 2 amended to read:
- 3 51345. (a) The agency shall administer a home purchase
- 4 assistance program in accordance with this chapter. The purpose
- 5 of the home purchase assistance program is to assist first-time
- 6 homebuyers to utilize existing mortgage financing available
- 7 pursuant to this part or Division 4 (commencing with Section 800)

1 of the Military and Veterans Code with the additional financial  
2 resources made available pursuant to Part 8 (commencing with  
3 Section 53130).

4 (b) Home purchase assistance under this chapter shall include,  
5 but not be limited to: (1) an interest rate subsidy to reduce the  
6 interest rate, (2) a deferred-payment, low-interest, second-mortgage  
7 loan to reduce the principal and interest payments, and (3)  
8 downpayment assistance to make financing affordable to first-time  
9 homebuyers.

10 (c) In no case shall the interest rate subsidy reduce the effective  
11 interest rate to the borrower below 3 percent per annum, nor shall  
12 the deferred-payment, low-interest, second mortgage loan exceed  
13 49 percent of the total debt financing necessary to purchase the  
14 home.

15 (d) The amount of home purchase assistance shall be a second  
16 mortgage loan secured by a deed of trust of second priority to the  
17 primary financing provided by the agency or the Department of  
18 Veterans Affairs. The term of the home purchase assistance ~~shall~~  
19 *may* not exceed the term of the primary loan.

20 (e) The amount of home purchase assistance shall be due and  
21 payable at the end of the term, upon the sale of the home, or upon  
22 refinancing. The borrower may refinance the mortgages on the  
23 home if the principal of and accrued interest on the second  
24 mortgage loan securing the home purchase assistance are repaid  
25 in full. All repayments shall be deposited in the fund.